

**MEETING OF THE FORT LAUDERDALE  
COMMUNITY REDEVELOPMENT AGENCY  
8<sup>TH</sup> FLOOR CONFERENCE ROOM  
CITY HALL**

**TUESDAY, JULY 19, 2005 – 5:30 P.M.**

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Chairman Naugle called the meeting to order at approximately 3:37 p.m. Roll was called and a quorum was present.

Present: Chairman Jim Naugle  
Vice Chair Christine Teel  
Commissioner Dean J. Trantalis  
Commissioner Carlton B. Moore  
Commissioner Cindi Hutchinson

Absent: None

Also Present: George Gretsas, City Manager  
Harry A. Stewart, City Attorney  
Jonda K. Joseph, City Clerk  
Alfred Battle, Director, Community Redevelopment Agency

**Approval of Minutes of the June 28, 2005 Regular CRA Board Meeting**

**Motion** made by Commissioner Hutchinson and seconded by Vice Chair Teel to approve the minutes of the CRA Board Meeting of June 28, 2005. Board unanimously approved.

**Authorization to Enter into an Agreement with MoHomes, L.L.C., as Developer of River Gardens Phase II**

**Motion** made by Commissioner Hutchinson and seconded by Vice Chair Teel to authorize the Proper Officials to enter into an Agreement for Development of Property with MoHomes, L.L.C. for the River Gardens Phase II Project.

Mayor Naugle said he is concerned about the price of the homes, and he asked if the Developer would stick with the original price of the homes.

Commissioner Moore said he is trying to get additional details since he became aware of the distinction, but he is slightly confused. In reviewing the minutes of the CRA Advisory Board, it appears that staff, through the Community Development Department and through the City Commission's actions, increased the affordable house cost for the moderately priced homes from \$145,000 to \$198,000. He said that action was taken about two months ago. He said that was done due to the cost of materials. He said this contractor is dealing with the same thing, and he asked when the developer responded to the RFP were there projections of the construction costs, and based on the projections of July, 2004, this would be the selling price of the homes.

Al Battle, Director CRA, said that was what had been done. Commissioner Moore said they are doing what is necessary based on the market of construction costs.

Mayor Naugle said they are requesting an increase in the sale price at \$218,000, and then market rate on restricted for eight of the units. Commissioner Moore said that is how they did the proposal, a market rate and projected it at \$225,000 as the maximum for the four-bedroom unit. Mayor Naugle said in order for the developer to be selected, they had said \$165,000, \$192,000 and \$225,000. Commissioner Moore said it is his understanding that the developer responded to 11 homes being built. He said the Chair of the Committee should explain what happened. He thought they are responding to staff's recommendation.

Stan Brown, Chair Community Redevelopment Advisory Board, said it appeared that is where the advisory board came down. The vote was to have the 8 remain at market, but imputing some things into the response. He said the response was to be market rate for the remaining 8, and in that response various dollar amounts were given as the market rate at that time. He said there was a lot of discussion among the Advisory Board, and it was not a unanimous vote. He further said that the vote was swayed by the sense that 3 units at or below attainable housing out of 11 was shy of 30% of the project. He said that percentage is higher than even what the Commission has reviewed as the number of units that should be in the attainable category.

Commissioner Moore asked if the other individuals who responded to the RFP did a pro-forma explaining if they built the homes in July, 2004, this would be the selling price. Mr. Brown said he would have to go back and review the material before he could answer that question. Commissioner Moore said even if another developer responded to the RFP, they would probably be at the same place, at the same time, as this developer with such a discussion.

Commissioner Moore said another company that responded was Bob Young Homes. He asked Mr. Young if his assumption was correct regarding his response to the RFP.

Bob Young, developer, said he did not remember if they had projected after July in their response. He said he believed they projected only 3-4 months.

Mayor Naugle asked if they had only projected those few months because they believed the homes would be built faster. Mr. Young confirmed.

Commissioner Moore said nothing could be built without a Development Agreement. Mr. Young said he did not anticipate that a Development Agreement would take such a long time. Commissioner Moore said it is not the developer's fault if the agreement took time to be prepared which changed the market conditions, as well. Mayor Naugle said if the amount of time for a Development Agreement is extended, then the City should take that into account, let the developer proceed, and change the figures. Commissioner Moore said that is not the case, but it is according to whether the entire plan is to be changed or whether it is just the price of a unit as proposed in the RFP. Commissioner Moore said a product was projected in cost to be proposed at this level in July, 2004, and they are making a recommendation on what staff has admitted. He said he did not see the difference and is confused. He said he kept hearing the word "cap" on what the housing is to be sold for, and asked if that is fact or fiction. Therefore, he asked staff if the

developer responding to the RFP said they would cap the price at a certain amount no matter what it takes to build it.

Mr. Battle further said that in the records he reviewed, it appeared the developers provided proposals in which they gave a price range going from low to high. In preparing the Development Agreement, they interpreted that as a cap on the sales price of the units.

Commissioner Moore said in responding to the RFP, the developer provided the prices for the units whether they would be built in 2005 or 2007, and those would be the selling prices of the units. Mr. Battle confirmed. Commissioner Moore said that now the CRA Advisory Board is recommending that be lifted.

Mr. Brown said that the price range they are discussing, without being associated with a cap, is to be brought up to today's market. He said further that the original program was at market, and in the response there was a definition of market within this range, rather than a cap.

Commissioner Trantalis asked what was that definition. Mr. Brown said at this point the Board worked with various formulas to see if they made sense. One of the formulas of note was that if the \$145,000 increased to \$195,000 that would be a certain percentage increase or a dollar increase depending on how it is reviewed. He said the market rates in the original program could go the same percentage or the same dollar increase giving two different sets of ranges. In both situations, it was put to a motion and failed.

Commissioner Moore asked what is the percentage of increase from \$145,000 to \$198,000. Mr. Battle said it is 37%. Commissioner Trantalis disagreed and said the percentage is only 25%. Mr. Battle said the Board discussed a possible increase for the lowest price of the affordable units having such an increase, and the Board made a motion but that motion failed. The Board then discussed another option which was finally approved as presented.

Commissioner Moore asked if the projected cost of the market rate product that they are offering is more than the 25% range. Mr. Battle said the moderate priced units are capped at \$218,000 which is probably about at the same range. He asked the developer what was the price increase by percentage for the moderately priced units.

Pamela Adams said she does not know the percentage increase, but would check on it. She said the difference looks to be about 32%.

Commissioner Trantalis said he wants to be fair, and when this project first went out for bid about 5 responses had been received. MoHomes showed beautiful homes and the prices were acceptable. He said that he made his decision on that basis. He said that the City is practically giving the land away, and they felt they would be receiving a better product in the price range being recommended since no land cost is involved. He said this was to trigger a better housing opportunity, and an attainable housing price for a community that is starving for this type of housing. Now, they are being told construction and material costs have increased. He said in using the percentage supplied by the proponent, he found it inappropriate that they are still in line with the City's original goal to provide attainable housing on basically free land, and by putting it at a price level at market rate such goals cannot be accomplished. He said market rate for a \$300,000

house in some parts of the City include the cost of the land which could be half-the-cost of the house. If they allow a house to go up to \$400,000 in this neighborhood because that is the market rate for this square footage on basically free land, the original goals are no longer attainable because most people cannot afford a \$400,000 home. Therefore, they have totally defeated the purpose of putting this out for bid and allow for competitive bidding. He said further if the other companies had the same opportunity one year ago thinking they would build 8 units at market rate, then the bids would be completely different than the first ones. He said this is like a "bait and switch." He said he feels the increase in construction and material costs is being used as an excuse to try and profit measurably from a program undertaken by the City to give individuals an opportunity to attain single-family homes. He feels this is inappropriate and he did not want the Commission to be in favor of this.

Commissioner Moore said he had the same concerns, but the only thing making him apprehensive is that the City, as a governmental entity, decided that their moderately priced homes should change from \$145,000 to \$198,000. He said, therefore, if it is meritorious that the unit costs go up, then the other prices will go up also. He said further this is a 36% increase and this developer proposed the homes from \$192,000 would increase to \$262,000, and the other units would increase to \$306,000. He said there is one lot that is to be lower than market. The \$198,000 unit would increase to \$218,000.

Commissioner Trantalis said they are using the developer's numbers, and there are other developers who responded to the RFP that could come back with possibly less glamorous units and not as pricey, which would achieve the goal of single-family home attainable ownership respecting the goal of this program.

Mayor Naugle asked Bob Young if he wanted to state his position on this issue.

Bob Young said the prices have increased, but they did not get the chance to explain their increases and possibly their units would be less.

Commissioner Trantalis said the City chose this program from MoHomes because the product looked good and the desire of the community was considered. He said they are looking to establish single-family home attainable ownership, and while the market is high and construction costs high, then possibly the house should be pared down. He said many people cannot afford a \$300,000 house. He did not think this is the purpose of the program because this is for lower income individuals. He said the delay has forced them into a situation where they are building glamorous homes at fancy prices that people cannot afford.

Commissioner Moore said he differed with that statement because they gave 50 lots to a non-profit entity in a joint venture with the Bank of America, and such units were to sell at \$115,000. Before groundbreaking those homes increased to \$135,000 to \$145,000. Now the same homes are increasing to \$178,000. He said he wished the housing costs were not increasing as they were because this is why the City adopted an affordable housing ordinance so there could be down payment assistance offered, along with other incentives.

Commissioner Trantalis said they are offering assistance by giving the land away. He said that he did real estate closings in the northwest portion of the City, and the lots normally were in the range of \$70,000 to \$100,000.

Pamela Adams said it depends on the location of the lots, and she feels they need to further discuss what is market rate. She said that certainly a \$400,000 house is not going to be financed in an area where the houses are selling for \$200,000 or \$186,000. Therefore, to imply that this developer is increasing the cost of the homes so they are out-of-sight to attain is erroneous. She said MoHomes was selected due to a good site plan, exceptionally well-built homes, and amenities not normally offered for such attainable homes. She further said they offered back \$300,000 to the City for the land, and did not ask for any assistance from the CRA. She said the developer's vision is similar to the vision of the Advisory Board and City Commission, that is they did not want an area known as the "poor area," but a diverse community. She said this allows them to build on what other initiatives the CRA had with every house not being affordable. She said there is nothing wrong with affordable, and it is needed, but to say they are going to paint this community with houses at the \$145,000 to \$198,000 range is not fair to the City, nor to the individuals wanting to live in the community.

James Cole said in terms of the RFP, it spoke to developing homes of which two would be at the low rate, but they included one-third. He said they did a pro forma and things have changed during the last year with about a 25% increase. He said they are still one year away from beginning this project, and there could be another 25% increase. He further said they are investing money and are taking the risk. He said they are building quality houses. He went on to say that the homeowner associations want individuals coming back into this community.

Vice Chair Teel said she understood the developer's concerns, but she is afraid that they want to throw away everything and begin all over again so the City would be fair with all participants. She said the fact of the matter is this is being based on economic conditions that have occurred in the last year. She said if the City decided to see what the other developers had to offer, they would be in the same place, and another six months to a year would have passed, and prices again would increase. She believes they need to move forward with this project.

Commissioner Trantalis said there needs to be a provision protecting the City from being taken advantage of in a situation that is open. He said that is not to say that MoHomes is going to advantage, but he did not really know the answer.

Vice Chair Teel said that no one is arguing the fact that construction costs have risen, and they did not want the developer to fail by building low cost homes. She said it is a matter of time and what things cost. Obviously, the contract was not done timely and increases took place.

Commissioner Trantalis said the people they are attempting to provide housing for will be forced out of the market. Vice Chair Teel said she did not necessarily agree with that statement. Commissioner Trantalis said while construction costs have increased over 35%, wages have not increased accordingly. He said there was a pool of potential purchasers for the homes and they could only afford a certain amount of money, and maybe these houses are not the ones to be built. He further said there is nothing to preclude this developer from providing financing on the properties, and therefore, not having to worry about comps in the area to sell the units.

Commissioner Moore said he is proud to hear such comments. He said the issue missing is that this is only 8 units, and the majority of the housing being built is at attainable prices because of joint venturing and how the property was assembled. Due to the market changes, the prices have increased for the houses. Even though there is an increase projected from the beginning, it is still based on the County's attainable pricing standards. Therefore, there are 11 lots, and 3 of them will meet the attainable goal. He said there is low to moderate for two of those. He said they are now trying to figure out the profitability for the remaining 8 units. The request was made to the Advisory Board that it be market rate, and therefore, they could go anywhere from somewhere to market rate, and that is where he is attempting to go. He said he is attempting to propose that the increase will not go above 37% as offered, and the developer could then decide if he wanted to continue or if the City should look to the next person. He said he admires what MoHomes is offering in regard to the 3 lots, especially with the additional lot being given. He said he is scared of a cap because when City View was done a cap was placed on it with units not selling for more than \$55,000, and the first developer "bellied up" due to not receiving financing because there was not enough profitability being offered and no margin for error. If prices would have increased, then the developer could have moved forward.

Commissioner Trantalis said even at \$300,000, they are saying that it is costing \$150 per foot to build.

Commissioner Moore said the two-stories are only being built if requested. Ms. Adams said the developer's plan is to build what was presented to the City Commission. She said there would be four 4-bedroom homes. Commissioner Moore said in order to make the homes more attainable possibly the developer should only build two of the 4-bedroom homes. Commissioner Trantalis agreed and said that is another approach that could be taken.

Commissioner Moore said one of the alternatives in regard to the 37% increase is that since they are concerned about the price of the homes, the developer consider scaling down to two 4-bedroom units to make the homes more attainable.

Ms. Adams said the project is comprised of three 3-bedroom units with 2 bathrooms, four 4-bedroom units with 2 bathrooms, and four 4-bedroom units, one den and 2 ½ baths. She said they are asking the developer to reset the configuration, and she believes that could be considered.

Commissioner Moore said this is being offered to address the concerns being raised. He further said if possible they are recommending to reduce the number of the four bedroom units to half, and increase one of the other models twice to keep the pricing more attainable.

Commissioner Trantalis said now the question is what is the outside price of the homes. Commissioner Moore said they will not be more than 37% of the original price as proposed.

James Cole said they are seeing construction costs increase 24% this past year and they are still one year away. He said they are now prepared to sign the Development Agreement, but have to receive other approvals. He said the agreement provides that in case of a default the land would be conveyed back to the City, but it does not address

reimbursement to MoHomes for conveying the land back. He further said that some compensation should be made.

The City Attorney said that could be done on a pro-rata basis assuming there is no default. If there is a default, then if the developer built 10 out of the 11, the City would get the 11<sup>th</sup> lot returned to them. He said it did not address cost, but pro-rata costs could be included.

Commissioner Moore asked how fast the project can be taken through the review process. The City Manager said as quickly as possible. Commissioner Moore said they have to be on the front end to attain affordable costs.

Ms. Adams said they have advanced the process from their end and have contracted with the architect so he could begin his drawings. She also said that surveys have been done. Therefore, they have begun their soft costs and soft investment on the project even though the Development Agreement had not yet been signed. She believes they are demonstrating good will and the desire to move forward on this project.

Commissioner Moore said if they did not find a way to craft this today, the Commission goes into recess until September 7, 2005, causing further delay. He said the 37% is something recommended by staff, and the developer has the ability to consider reducing the number of the units to a more affordable price. Otherwise, the discussion will have to be tabled until September. He did not want to do that due to rising construction costs.

Commissioner Hutchinson asked what caused the delay in moving this project from January to July 29, 2005. The City Attorney said the delay has been caused by negotiations.

Commissioner Moore suggested the developer leave the room and discuss the matter, and then return and report back to the Commission.

**Authorization to Enter into an Agreement with Mount Olive Development Corporation (MODCO) as Developer of a Building Project on Sistrunk Boulevard**

**Motion** made by Commissioner Moore and seconded by Vice Chair Teel to table this item. Roll call showed: YEAS: Commissioners Moore, Hutchinson, Vice Chair Teel, Commissioner Trantalis, and Chairman Naugle. NAYS: None.

**Approval to Enter into CRA Façade Program Agreements and Delegation to Executive Director to Approve Façade Agreements**

**Motion** made by Commissioner Moore and seconded by Commissioner Hutchinson to approve the Fort Lauderdale Community Redevelopment Agency to enter into a Façade Program Agreement between applicants, and for the CRA and to provide authorization to the Executive Director or his Designee(s) to approve and execute CRA funded Façade Program Agreements on behalf of the CRA. Roll call showed: YEAS: Commissioners Moore, Hutchinson, Vice Chair Teel, Commissioner Trantalis, and Chairman Naugle. NAYS: None.

**FY 05/06 CRA Budget**

Stan Brown, Director CRA, said this is a repeat of last year's budget which recognizes Mr. Battle now in a position to discuss the budget more fully. This would carry things through until further details can be addressed.

**Authorization to Enter into an Agreement with MoHomes, L.L.C., as Developer of River Gardens Phase II****Continued from Page 7**

Mayor Naugle asked if MoHomes has met their other obligations regarding the contract. He wants to make sure things are on schedule and all obligations have been met. He asked about the status of the Konover project.

Ms. Adams said they have gone through the permitting process, and are getting ready to break ground.

The City Manager said they are not away of any delays for that project.

Commissioner Trantalis said the original goal is to provide housing for individuals who could not normally afford such types of homes representing a middle class existence in a nice community. He said the houses are beautiful, but is the City fulfilling their mission.

Commissioner Moore said he believes the City is attaining their goal. Commissioner Hutchinson said that almost 30% of the homes will be affordable and the City did not request that of the newly built high-rises. Commissioner Trantalis said that the City is not giving those high-rises the land. Commissioner Hutchinson said in this case they are building a community where low to moderate housing will be provided, along with some high income housing. She said almost 30% of the project will be affordable, and this is not a bad balance. She said \$300,000 is being paid for the lots.

Commissioner Trantalis said he still believes that built into the price is a subsidy for the land, and that is not being done in Flagler Village. To the extent the City is subsidizing these homes, the City should expect more than the 15% ratio for the attainable housing. Commissioner Hutchinson said that is being done and is almost being doubled. Commissioner Trantalis said he thought all the housing was to be attainable. Commissioners Moore and Hutchinson said that was not the case. Commissioner Trantalis said it should all be attainable because that is the purpose of the CRA. Vice Chair Teel said there is to be viability also.

Commissioner Moore said one of the things done when they began working on the vision of the redevelopment of the area, the missing link seen at all the association meetings was that they wanted retail stores in the community and the convenience of services. The demographics did not support the level of retail wanted. Therefore, they had to build in a great increase of income, and find how to do a gentrification of income. They decided to buy lots and bring in higher income earners because that was the missing link. In the area of Sweeting Estates that has been done, and this project would satisfy both the moderate and higher incomes.



Commissioner Trantalis asked what impact has other developments had on the income of the area with enticing others to come in and develop the area. Commissioner Moore said there is a 52-unit waterfront apartment complex that has been an eyesore in the community and they are selling those 600 sq. ft. units for \$116,000, and the ones on the water are \$124,000. Commissioner Trantalis asked the other investments have attracted investment dollars to the area. Commissioner Moore confirmed. Commissioner Trantalis said that the City as a municipality should not subsidize the upper income bracket regarding housing. He said such people would move to areas as the blight is removed. He further said that is the purpose of the CRA to get rid of blight and make things nicer.

Commissioner Moore said that South Middle River did not have the negatives that were in Sweeting Estates. Commissioner Trantalis said there are similarities and problems still exist in the areas. He said again that it is not the City's role to subsidize the upper income bracket in regard to housing.

Mayor Naugle said the higher income individuals moving into the area help to stabilize the community.

Vice Chair Teel said she is not sure that is upper income. She said she is not convinced they should take away the market forces that would drive this project. She continued to say it is the developer's responsibility to assess the market place and decide what is needed. She said it is not up to the City to tell them what to do.

Commissioner Moore said he agrees with the recommendation made by the CRA Advisory Board.

**Motion** made by Commissioner Moore and seconded by Commissioner Hutchinson to accept the recommendation of the CRA Advisory Board regarding the MoHomes, L.L.C. project of River Gardens Phase II, and that no cap be placed on the 8 units.

Vice Chair Teel said they are attempting to bring the higher income individuals back into the community. She said the CRA is making an appropriate recommendation.

Roll call showed: YEAS: Commissioners Moore, Hutchinson, and Vice Chair Teel.  
NAYS: Commissioner Trantalis and Chairman Naugle.

The City Attorney said he wanted to make sure he understood the Commission's intent in regard to this motion. He said that he did not know if the recommendation of the CRA addressed the lot issue in case of a default. He said at the Commission's direction, they are going to make that pro rata. The Commission agreed.

Ms. Adams said they want to thank the Commission for their support.

There being no further business to come before this Board, the meeting was adjourned at 4:30 p.m.

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Jim Naugle  
Chairman

ATTEST:

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Jonda K. Joseph  
City Clerk